

A Message from
the NHTSA Administrator

Working with Managed Care Organizations (MCOs)

Effective emergency medical services (EMS) are among the basic ingredients determining the quality of life in American communities. As we refine our health care systems to improve service and hold down costs, we must ensure that our nation's emergency medical safety net is maintained and enhanced.

As Administrator of the National Highway Traffic Safety Administration (NHTSA), my attention is focused on motor vehicle crashes and their consequences. Motor vehicle crashes are a major public health problem across the country, killing and injuring more young Americans than any other cause. We are dependent on EMS systems to care for these casualties with quick response to the crash scene, expert medical intervention, and rapid transport to definitive care. We recognize that effective emergency care requires an underlying financial and organizational support system. If the support system is not viable, then the emergency care will not be either.

NHTSA recently joined the EMS professional community in developing a vision for the future of EMS systems. This vision, published as the *EMS Agenda for the*

Future, lays out three basic strategies for ensuring the future viability and community value of EMS systems. The Agenda stresses the benefits of *building bridges* between EMS and other components of the health care system, *developing new tools and resources* for EMS professionals, and *creating an effective infrastructure* for the delivery of emergency care. A key component of the vision, one that combines the three strategies, is the integration of EMS finance and delivery. Integrating payers and providers in a seamless system of community health care promises far reaching benefits that will enhance both the quality and cost-effectiveness of emergency care.

To facilitate this integration and move toward the vision of the *EMS Agenda*, we invited EMS and managed care representatives to join in a series of roundtable discussions to consider their future partnership. Our intent is to encourage the development of a productive union between the groups by providing an opportunity to identify common interests and discuss resolutions to areas of potential conflict. Our assumption is that we will discover more commonality than difference in interests.



Dr. Martinez, NHTSA Administrator

NHTSA is committed to quality emergency care and to the future viability of EMS systems. We need to move toward the vision of the EMS Agenda for the Future, to build the bridges, develop the infrastructure and identify resources to ensure that our communities receive the best possible emergency care in the years to come.

— Dr. Ricardo Martinez,
NHTSA Administrator

The Context for Change

Health care costs continue to rise. National health care spending has been increasing by 8 to 9 percent annually. Total annual national health care expenditures are now estimated to be just over one trillion dollars. Health care providers, insurers, and government officials struggle to make health care delivery efficient without sacrificing quality.

Because of their mechanisms for integrating health care finance and delivery, managed care organizations (MCOs) are becoming a dominant payer of health care services in many parts of the country. As of 1995, nearly 150 million Americans were enrolled in some form of a managed care plan, a 13 percent increase over the 1994 level.

Ambulance transportation traditionally has been paid on a fee for service basis. The changing financial incentives associated with managed care are prompting the private and public ambulance industry to rethink how they are financed.

MCOs are interested in emergency medical services (EMS) not only as an expenditure,

The Context for Change

but as a potential means for routing patients for cost-effective treatment. EMS currently accounts for about 1 to 2 percent of an MCO's budget. However, by integrating EMS in carefully designed clinical pathways, MCOs are finding that overall patient care costs may be reduced and quality of services improved.

Why is NHTSA Involved?

From the Very Beginning:

The National Highway Traffic Safety Administration (NHTSA) was the first Federal agency to lend direction to EMS and has maintained its support throughout 30 years of EMS growth. Early EMS communication systems and ambulances were funded by NHTSA. The agency also helped develop the first Emergency Medical Technician (EMT) training curriculum.

NHTSA's Consistent Involvement:

NHTSA is focused on assuring EMS quality across the country. The agency conducts system support activities such as the Technical Assessment of State EMS Systems created in 1988 to help states conduct self studies of numerous process and outcome measures. The National Uniform Prehospital Data Set was developed in 1993 to facilitate uniform data gathering. NHTSA's recent *EMS Agenda for the Future* integrates the impact of new technology, the increasing emphasis on disease prevention and community health, and the economic imperatives of managed care into a comprehensive new vision for EMS.

Why EMS and Managed Care?

What is Happening?

The economic forces changing medicine also are reshaping EMS. Rising health care costs are bringing greater cost accountability to all providers. Some are entering into risk sharing agreements in which they receive a predetermined fee for coverage of a defined population. Medicare and Medicaid recipients are

moving into managed care plans. Health maintenance organizations (HMOs) are integrating horizontally and vertically, combining individual health care providers into provider groups for economies of scale, and joining payers with provider groups to streamline service delivery and financial administration. One needs only look at the changing economics of medicine to predict the forces that will bear on EMS.

How is EMS Changing?

Private EMS firms are consolidating and growing large enough to become publicly-traded companies. This increases economies of scale and provides ready access to capital. Many of these firms are willing to accept risk under capitated managed care contracts. Public and private EMS organizations are integrating EMS resources to provide a more efficient response.

Multiple Option Decision Points:

EMS agencies that have integrated with MCOs in capitated care agreements are seeking creative ways to reduce their costs. These approaches include offering multiple options at each decision point along an EMS response continuum:

- EMS dispatchers may transfer select callers to a telephone nurse triage center instead of sending an ambulance.

- Paramedics may have the option of treating certain patients on-scene.
- Patients may be transported directly to their physician's office.
- Patients may be transported to the emergency department for urgent attention.

Rather than offering a uniform response to all callers, EMS systems may create unique clinical pathways for each patient.

What Does this Mean for EMS?

This change in emphasis raises important questions. Will the financial pressures of the modern health care delivery system diminish the EMS capacity necessary to serve community needs such as disaster response? How can we ensure that EMS care will continue to be evaluated on the basis of quality? Will the standard of community EMS protection be threatened?

The Logical First Step:

The time for focused discussions between the managed care industry and EMS is now. Initiating such discussions is the first logical step for NHTSA. Just as the agency was involved in its creation, NHTSA is assisting EMS into its next 30 years of rapid and evolutionary change.

The First NHTSA Roundtable

NHTSA sponsored the first of a projected series of roundtable discussions, inviting executives from both fields to discuss their perspectives on the financing and delivery of emergency care. The first meeting was conducted at NHTSA Headquarters in Washington, D.C., on June 12, 1997. Representatives of major EMS professional organizations joined executives from several managed care

organizations to begin the dialog. Following each roundtable, NHTSA will publish a bulletin summarizing the topics of discussion, implications for future relationships between EMS and managed care, and specific recommendations produced by the participants.

The First NHTSA Roundtable

Summary of Discussion

The first roundtable focused on issues of interest to both EMS and managed care. Each group presented their perspectives on community emergency care and on the aspects of care that may be affected by EMS and managed care partnerships.

Roundtable participants came to the following important insights:

1. We Need Common Definitions

The participants did not always share the same concept of "integration" as it referred to establishing new relationships between managed care and EMS. EMS professionals explained that their view of integration incorporates the operational aspects of business, but may not include financial issues.

"I believe that EMS is willing to adjust its operational protocols to accommodate the needs of a managed care payer. However, I don't think we should be asked to change our reimbursement structure. We need to keep our patient focus."

— EMS Participant

In contrast, the managed care representatives view integration as a much more comprehensive union. That is, under the managed care definition, the EMS providers would adopt not only the structural components but accept risk as well.

"When EMS does not share managed care's incentives, the partnership does not work as well as it should. When EMS providers share the financial risk of serving the population, both partners are truly working for the same purpose and community care is improved. We both need to adopt a community focus."

—MCO Participant

Differences in basic definitions also became apparent when the two groups discussed the nature of emergencies. Managed care representatives explained that their environment requires them to provide their members with guidance on how to respond in an emergency situation. EMS participants felt that community members should be able to determine what constitutes an emergency for themselves and to seek emergency services without fear of later denial of coverage.

"For efficient community care, we need to manage access to care. That is, we need to ensure that the right patients are going to the right places. That way, costs are controlled and better care can be provided."

— MCO Participant

"We need to maintain uninhibited access to emergency care. All community members should be encouraged to call 911 in case of an emergency — without worrying that they have to pay out of their pocket if the subsequent diagnosis doesn't agree with their feeling. We can't be in a situation where we treat individuals differently according to their health insurance coverage."

— EMS Participant

2. We Have a lot in Common

The roundtable participants agreed that important issues were raised by discussing new relationships between managed care and EMS — including access, quality, costs, and the need for a common language. These issues appear to be concerns for both managed care and EMS. This seems to be true in a variety of organizational contexts and from one part of the country to another.

EMS and managed care have many common goals. Both want to 1) improve health care delivery at the patient level, as well as the community level, 2) be

involved in quality improvement initiatives, and 3) assure access to care, as well as continuity of care. Both also recognize the need for better outcomes data.

"We are not that far apart on issues across utilization of care and the need for clear definitions."

— MCO participant

"Managed care is aiming for a seamless continuity of care for patients."

— MCO Participant

"Many factors influence where a patient is transported — but emergency care of the patient should always be the primary factor."

— EMS Participant

3. We Need to Talk More

In many circumstances, it was clear that the integration of EMS and managed care could be facilitated by improving communication between the groups. The current lack of mutual understanding was particularly evident in perspectives on the mission and purpose of the two groups.

"Managed care asks us to do things the hard way and we don't know why. If we understood why they want us to change our protocols, I think it would improve cooperation."

— EMS Participant

"To optimize the cost-effectiveness of patient care, we try to base our treatment protocols on outcome data. We don't understand why EMS has so little evidence of effectiveness."

—MCO Participant

But the day long discussions also deepened understandings.

The First NHTSA Roundtable

"EMS providers can be performing valuable community services such as offering in-home health prevention services or home safety instruction. Some EMS stations could even serve as sites for neighborhood health clinics."

— EMS Participant

"I thought EMS providers only stabilize and transport patients. I had no idea they were interested in performing other functions."

— MCO Participant

successful relationships. The discussants agreed that mutual cooperation could resolve many issues locally without having to resort to legislative remedies or external interventions.

"Let's make sure both managed care and EMS representatives are brought to the table."

— MCO Participant

"We need to develop a set of guiding principles that can facilitate partnerships and collaborations."

— EMS Participant

"By working together to resolve some of these issues, we may be able to eliminate the need for legislative management."

— EMS Participant

4. Let's Continue These Discussions

The roundtable participants agreed that communication channels should be more open between EMS and managed care. The two industries agreed that joint outreach and education initiatives would help build

Discussion Issues for Next Roundtable

The roundtable participants also identified several issues that should be considered in upcoming roundtable meetings. These include:

Definitions:

Should there be a common definition of "emergency?" What do we mean by integration? What principles should guide us in developing EMS/MCO relationships?

Access:

How can access to 911 be maintained while still allowing MCOs necessary control over their members? In an increasingly competitive health care environment, how does EMS maintain itself as a safety net? Does EMS have a gate keeping role? How should medical oversight be provided?

Quality:

How does EMS measure quality? Are there certain managed care practices that could be transplanted to EMS? How does EMS get the patient to the right place at the right time while providing the right care?

Continuity:

What characterizes a good relationship between EMS and MCOs?

ROUNDTABLE # 1

Participants/Organizations Represented

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